

§ 407.4 OMB control numbers.

The information collection activity associated with this rule has been previously approved by the Office of Management and Budget (OMB) under control number 0563–0053.

§ 407.5 Creditors.

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

§ 407.6 Good faith reliance on misrepresentation.

(a) Notwithstanding any other provision of the crop insurance contract, an insured shall be granted relief to the extent of the insured's detrimental reliance or the extent of the policy benefits, whichever is less, under the following conditions:

(1) The person has entered into a contract of crop insurance under this part;

(2) A representative of FCIC made a misrepresentation or other erroneous action or advice;

(3) Such error concerned provisions of the insurance contract not contained in the Group Risk Plan of Insurance Basic Provisions, the Crop Provisions, the Federal Crop Insurance Act, or the regulations contained in this chapter;

(4) As a result of the error, the insured:

(i) Is indebted for additional premiums; or

(ii) Has suffered a loss to a crop which is not insured or for which the person is not entitled to an indemnity because of failure to comply with the terms of the insurance contract, but which the person believed to be insured, or believed the terms of the insurance contract to have been complied with or waived; and

(5) The Manager finds that:

(i) A representative of FCIC made such misrepresentation or took other erroneous action or gave erroneous advice;

(ii) The person reasonably and in good faith relied on such misrepresentation, erroneous action or advice to the person's detriment; and

(iii) To require the payment of the additional premiums or to deny such person's entitlement to the indemnity would not be fair and equitable.

(b) For FCIC Policies only, requests for relief under this section must be submitted to FCIC in writing. FCIC's reviewing officers must refer such application for relief to the Manager of FCIC for determination as to whether to grant relief. FCIC's reviewing officers do not have authority to grant relief under this section.

(c) For Reinsured Policies only, requests for relief under this section must be submitted to the reinsured company in writing. The reinsured companies shall use arbitration, in accordance with the rules of the American Arbitration Association, under contracts for insurance issued by them under the Act to grant relief under the same terms and conditions as contained in this section or may establish procedures to administratively handle relief in accordance with this section. Granting relief under this section does not absolve the reinsured company from liability to FCIC for unauthorized acts of its agents.

§ 407.7 The contract.

The insurance contract shall become effective upon the acceptance by FCIC or the reinsured company of a complete, duly executed application for insurance on a form prescribed or approved by FCIC. The contract shall consist of the accepted application, Group Risk Plan of Insurance Basic Provisions, Crop Provisions, Special Provisions, Actuarial Table, and any amendments, endorsements, or options thereto. Changes made in the contract shall not affect its continuity from year to year. Except as may be allowed under § 407.6, and at the sole discretion of the Corporation, no indemnity shall be paid unless the person complies with all terms and conditions of the contract. The forms required under this part and by the contract are available at the office of the insurance provider, or the local FSA office, if applicable.

§ 407.8 The application and policy.

(a) Application for insurance, on a form prescribed or approved by FCIC,